



State of Utah

**Department of
Natural Resources**

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Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

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Governor

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February 7, 2007

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 4462

Cotter Corporation
Glen Williams
28151 DD Road
P.O. Box 700
Nucla, Colorado 81424

Subject: Five-Year Review of Reclamation Surety Estimate, Cotter Corporation, Papoose Mine, M/037/084, San Juan County, Utah

Dear Mr. Williams:

Thank you for providing the requested information regarding the five-year review status of your Papoose Mine. Upon review of the information furnished and a site visit to verify the site conditions, we find we only need to escalate the present bond for a five-year period. This is based upon the fact that there had been no changes at the site since the last bond calculation.

The surety escalated to the year 2012 is \$117,300. A Surety Estimate Update is attached for your use. Please contact Ms. Beth Ericksen, Division Minerals Surety Coordinator, to discuss the letter of credit amendment and reclamation contract. She can be reached at (801) 538-5318 or bethericksen@utah.gov.

Please provide the updated surety within 60 days or no later than April 15, 2007. If you are unable to provide the surety within this timeframe, contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:pb
Attachment Surety estimate update
cc: John Blake, SITLA, ML45609
Doug Jensen, DOGM
Beth Ericksen, DOGM

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SURETY ESTIMATE UPDATE

Cotter Corporation

Date

18-Jan-07

Papoose Mine

FILE #

M/037/084

San Juan County

Prepared by Utah Division of Oil, Gas & Mining

Last Update

8/2/2000

DESCRIPTION:

-Previous reclamation surety estimate was \$94,700 in year 2000 dollars

-Reclamation Estimate base amount calculated in 2000-\$

Details of Final Reclamation

Pit Highwalls (16 ft vertical height) will be backfilled to a slope of 2h:1v or less, soiled, ripped and seeded.

Salvaged topsoil will be replaced to a depth of 12 inches on pit floors in "islands", fertilized, ripped and seeded.

All structures and debris will be removed within the pit area when the mine closes.

Disturbed areas that do not receive topsoil will not be fertilized or seeded.

-This update adjusts the surety amount for escalation only.

-Escalation factors through 2006 are actual Means Historical Cost Indices

-Total disturbed area = 47 ACRES

CALCULATIONS $F = P(1 + i)^n$	YR	ESCAL FACTOR	BOND AMOUNT
	1995	0.0193	\$0
F = Future Sum	1996	0.0242	\$0
P = Present Sum	1997	0.0236	\$0
i = Escalation Factor	1998	0.0502	\$0
n = number of periods	1999	0.0191	\$0
	2000	0.0244	\$81,180
Three Yr Average =3.20%	2001	0.0421	\$84,598
Used to Project 5 Yrs	2002	0.0202	\$86,307
From the Year 2007	2003	0.0171	\$87,782
	2004	0.0084	\$88,520
	2005	0.0399	\$92,052
	2006	0.0544	\$97,059
	2007	0.0320	\$100,165
	2008	0.0320	\$103,371
	2009	0.0320	\$106,678
	2010	0.0320	\$110,092
	2011	0.0320	\$113,615
	2012	0.0320	\$117,251
Updated Surety Amount Rounded (2012-\$)			\$117,300

** Average cost per acre = 2495 (\$/ACRE)